

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 11354 181110Z

70

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 DRC-01 /174 W

----- 009326

R 181044Z OCT 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1399

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

LIMITED OFFICIAL USE ROME 11354

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN EXCHANGE MARKET DEVELOPMENTS

1. SUMMARY. BOI HAS CONTINUED TO INTERVENE MODERATELY IN EXCHANGE MARKET DURING OCTOBER. BOTH COMMERCIAL AND FINANCIAL LIRE HAVE REMAINED QUITE STEADY. ITALY HAD A BALANCE OF PAYMENTS SURPLUS OF \$131 MILLION DURING SEPT, BUT THIS WAS ENTIRELY RESULT OF EUROMARKET COMPENSATORY BORROWING. CUMULATIVE DEFICIT FOR NINE MONTHS WAS \$403 MILLION. END SUMMARY.

2. HEAD OF BANK OF ITALY FOREIGN EXCHANGE OPERATIONS, ERCOLANI,  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 11354 181110Z

TOLD TREASATT OCT 17 THAT BANK HAS CONTINUED TO INTERVENE REGU-

LARLY BUT IN FAIRLY MODEST AMOUNTS, IN SUPPORT OF COMMERCIAL LIRE SO FAR IN OCTOBER. BOTH COMMERCIAL AND FINANCIAL LIRE EXCHANGE RATES HAVE STABILIZED, WITH COMMERCIAL RATE OF 564 LIRE PER DOLLAR ON OCT 17. THREE-MONTH FORWARD RATE FOR FINANCIAL LIRE WAS 596 LIRE PER DOLLAR ON OCT 17.

3. DURING MONTH OF SEPT, ITALY HAD BALANCE OF PAYMENTS SURPLUS OF \$131 MILLION. HOWEVER, THIS WAS ENTIRELY DUE TO RECEIPT OF PROCEEDS FROM \$500 MILLION CCOP EUROMARKET LOAN FOR CITY OF VENICE. ALSO DURING MONTH BANK OF ITALY REPAID ENTIRE \$16.9 MILLION OUTSTANDING TO DANISH NATIONAL BANK UNDER INTRA-EC SWAP ARRANGEMENTS. CONTRARY TO OUR EARLIER ASSUMPTION, REMAINING \$72.2 MILLION IN EC SWAPS WHICH WERE DUE TO BELGIAN NATIONAL BANK AT END-SEPT WERE NOT PAID OFF, BUT WERE ROLLED OVER UNTIL END-DEC. DURING ENTIRE NINE-MONTH PERIOD OF 1973, OVERALL BALANCE OF PAYMENTS DEFICIT WAS \$403 MILLION OF WHICH \$289 MILLION WAS FINANCED FROM BOI/UIC NET ASSETS, WHILE NET FOREIGN BORROWING BY COMMERCIAL BANKS OF \$114 MILLION ACCOUNTED FOR FINANCING OF REMAINING DEFICIT. IN SAME PERIOD, TOTAL EUROMARKET COMPENSATORY BORROWINGS REACHED \$3,132 MILLION, IN ABSENCE OF WHICH OVERALL B/P DEFICIT WOULD HAVE BEEN \$3,535 MILLION. ON OTHER HAND, ADVANCE REPAYMENTS OF EARLIER EUROMARKET LOANS TOTALLED \$65 MILLION DURING SEPT (ACTUALLY REPAYMENT OF AN ADVANCE FROM IMI). UNIDENTIFIED ADDITIONAL \$80 MILLION IN PREPAYMENTS EARLIER IN YEAR BRING TOTAL TO \$145 MILLION SO FAR THIS YEAR.

DECON 12:31/77. VOLPE

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOLLAR, FINANCIAL MARKETS, FOREIGN EXCHANGE RATES, FOREIGN EXCHANGE TRANSACTIONS, LIRA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 OCT 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973ROME11354  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** ROME  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731024/aaaaarjv.tel  
**Line Count:** 88  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17-Sep-2001 by kelleyw0>; APPROVED <21-Nov-2001 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ITALIAN EXCHANGE MARKET DEVELOPMENTS  
**TAGS:** EFIN, IT  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005